

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:	)	Chapter 11
	)	
W.R. Grace & Co., <u>et al.</u> ,	)	Case No. 01-01139 (JKF)
	)	(Jointly Administered)
	)	
Debtors.	)	<b>Objection Deadline: February 4, 2004</b> <b>Hearing Date: March 22, 2004 @ 12:00 PM</b>

**SUMMARY OF THE FIFTH INTERIM QUARTERLY APPLICATION OF LUKINS &  
ANNIS, P.S. FOR COMPENSATION FOR SERVICES AND REIMBURSEMENT OF  
EXPENSES AS ZAI ADDITIONAL SPECIAL COUNSEL FOR THE INTERIM PERIOD  
FROM JULY 1, 2003 THROUGH SEPTEMBER 30, 2003**

Name of Applicant:	Lukins & Annis, P.S.
Authorized to Provide Professional Services to:	Zonolite Attic Insulation Claimants
Date of Appointment:	Appointment Order effective As of July 22, 2002
Period for which compensation and Reimbursement is sought:	July 1, 2003 through September 30, 2003
Amount of Compensation sought as actual, Reasonable, and necessary:	\$122,675.00
Amount of Expenses Reimbursement:	\$ 11,917.57
This is a: <input type="checkbox"/> monthly <input checked="" type="checkbox"/> quarterly application	
Prior Application filed: Yes	

Period Covered	Date Filed	Requested Fees	Requested Expenses	Approved Fees	Approved Expenses
July 1, 2002-Sept. 30, 2002	11/15/02	\$37,691.00	\$3,422.38	Approved	Approved
Oct 1, 2002-Dec 31, 2002	3/15/03	\$88,506.00	\$2,620.96	Approved	Approved
Jan 1, 2003 – Mar. 31, 2003	6/2/03	\$105,390.00	\$105,390.00	Approved	Approved
April 1, 2003-June 30, 2003	9/3/03	\$106,233.00	\$106,233.00	Pending	Pending

This is the Fifth Quarterly Fee Application filed by Lukins & Annis, P.S. through the course of these proceedings.

The Lukins & Annis attorneys who rendered professional services in these cases during the Fee Period are:

Name of Professional Person	Position with the applicant	Number of years as an attorney	Department	Hourly Billing Rate	Total billed hours	Total compensation
Darrell W. Scott	Partner	13	Litigation	\$370	224.20	\$79,439.00
Kelly E. Konkright	Associate	1	Litigation	\$120	18.80	\$1,440.00
TOTALS					243.00	\$80,879.00

The paraprofessionals who rendered professional service in these cases during the Fee Period are:

Name of Professional Person	Position with the applicant	Number of years in position	Department	Hourly Billing Rate	Total billed hours	Total compensation
Kristy L. Bergland	Paralegal	23	Litigation	\$150	271.90	\$40,785.00
Sarah R. Capelli	Legal Intern	6 months	Litigation	\$70	1.30	\$91.00
Samantha Batorson	Legal Asst.	10	Litigation	\$80	11.50	\$920.00
TOTALS					284.70	\$41,796.00

#### Compensation by Project Category

Category	Total Hours	Total Fees
20-Travel-Non-working	32.60 Hours	\$ 4,331.00
22-ZAI Science Trial	495.10 Hours	\$118,344.00
TOTALS	527.70 Hours	\$122,675.00

## ZAI Science Trial Expenses (Category 23)

Description	Amount
Computer Assisted Legal Research	\$ 303.20
Telephone Expense	\$ 165.18
Telephone Expense – Outside	\$ 778.44
Facsimile (\$1.00 per page)	\$ 149.00
Postage Expense	\$ 379.26
Courier & Express Carriers	\$ 1,554.30
In-House Duplicating / Printing (\$.15 per page)	\$ 5,090.55
Outside Duplicating / Printing (color photocopies)	\$ 799.85
Lodging	\$ 370.40
Transportation	
Air Travel Expense	\$ 1,021.00
Taxi Expense	\$ 40.00
Mileage Expense	\$ 332.64
Travel Meals	\$ 38.75
Parking	\$ 17.00
General Expense	
Expert Services	\$ 860.00
Books/Videos	\$ 18.00
Other (Explain) (Deposition Transcripts)	
Total:	\$ 11,917.57

Dated: January 12, 2004

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	)	
W.R. Grace & Co., <u>et al.</u> ,	)	Case No. 01-01139 (JKF)
	)	(Jointly Administered)
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Debtors.	)	<b>Objection Deadline: February 4, 2004</b>
		<b>Hearing Date: March 22, 2004 @ 12:00 P.M.</b>

**FIFTH INTERIM QUARTERLY APPLICATION OF LUKINS & ANNIS, P.S. FOR  
COMPENSATION FOR SERVICES AND REIMBURSEMENT OF EXPENSES AS ZAI  
ADDITIONAL SPECIAL COUNSEL FOR THE INTERIM PERIOD FROM JULY 1,  
2003 THROUGH SEPTEMBER 30, 2003**

Pursuant to Sections 327, 330 and 331 of Title 11 of the United States Code (as amended, the “Bankruptcy Code”), Fed. R. Bankr. P. 2016, the Appointment Order (as defined below), the Administrative Order Under 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Professionals and Official Committee Members (the “Interim Compensation Order”), the Amended Administrative Order Under 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Professionals and Official Committee Members (the “Amended Interim Compensation Order” and collectively with the Interim Compensation Order, the “Compensation Order”) and Del.Bankr.LR 2016-2, the law firm of Lukins & Annis, P.S. (“Applicant” or “L&A”), ZAI Additional Special Counsel, hereby applies for an order allowing it: (i) compensation in the amount of \$122,675.00 for the reasonable and necessary legal services L&A has rendered; and (ii) reimbursement for the actual and necessary expenses L&A has incurred in the amount of \$11,917.57 (the “Fourth Interim Quarterly Fee Application”), for the interim quarterly period from July 1, 2003 through September 30, 2003 (the “Fee Period”). In support of this Application, L&A respectfully states as follows:

## **Background**

### **Retention of L&A**

1. On April 2, 2001 (The “Petition Date”), the Debtors each filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code (collectively, the “Chapter 11 Cases”). On April 2, 2001, the Court entered an order procedurally consolidating the Chapter 11 Cases for administrative purposes only. Since the Petition Date, the Debtors have continued to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.
2. By this Court’s order effective as of July 22, 2002, L&A was appointed as ZAI Additional Special Counsel to prosecute the ZAI “Science Trial” issues on behalf of the ZAI Claimants’ position against Debtors’ position (the “Appointment Order”). The Appointment Order authorizes a total budget for ZAI Counsel of \$1.5 million in fees and \$500,000 in expenses for prosecuting the Science Trial, against which L&A may be compensated for legal services at its hourly rates as specified to the Court, and for actual and necessary out-of-pocket expenses incurred, subject to application to this Court in accordance with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and all applicable local rules and orders of this Court<sup>1</sup>. On May 3, 2001, this Court entered the Interim Compensation Order and entered the Amended Interim Compensation Order on April 17, 2002. On July 28, 2003, the Court entered an Order authorizing an additional budget of \$950,000.00 per side for additional attorney fees and expenses.

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<sup>1</sup> The rates billed by L&A are within the range of rates previously identified to the Court which were the current hourly rates at that time. L&A lawyers and professionals are being billed at rates commensurate with their experience and in the same range as other firms are billing in this bankruptcy.

**Monthly Interim Fee Applications Covered Herein**

3. Pursuant to the procedures set forth in the Compensation Order, professionals may apply for monthly compensation and reimbursement (each such application, a “Monthly Fee Application”) subject to any objections lodged by the Notice Parties, as defined in the Compensation Order. If no objection is filed to a Monthly Fee Application within twenty (20) days after the date of service of the Monthly Fee Application, the applicable professional may submit to the Court a certification of no objection whereupon the Debtors are authorized to pay interim compensation and reimbursement of 80% of the fees and 100% of the expenses requested.
4. Furthermore, and also pursuant to the Compensation Order, professionals are to file and serve upon the notice parties a quarterly request (a “Quarterly Fee Application”) for interim Court approval and allowance of the Monthly Fee Applications filed during the quarter covered by that Quarterly Fee Application. If the Court grants the relief requested by the Quarterly Fee Application, the Debtors are authorized and directed to pay the professional 100% of the fees and expenses requested in the Monthly Fee Applications covered by that Quarterly Fee Application less any amounts previously paid in connection with the Monthly Fee Applications. Any payment made pursuant to the Monthly Fee Applications or a Quarterly Fee Application is subject to final approval of all fees and expenses at a hearing on the professional’s final fee application.
5. This is the Fifth Interim Quarterly Fee Application that L&A has filed with the Bankruptcy Court in connection with these Chapter 11 Cases.
6. L&A has filed the following Monthly Fee Applications for interim compensation during this Fee Period:

1. Application of Lukins & Annis, P.S. for Compensation for Services and Reimbursement of Expenses as ZAI Additional Special Counsel for the Interim Period of July 1, 2003 through July 31, 2003 filed October 9, 2003 attached hereto as Exhibit A (the "July Fee Application").
2. Applications of Lukins & Annis, P.S. for Compensation for Services and Reimbursement of Expenses as ZAI Additional Special Counsel for the Interim Period of August 1, 2003 through August 31, 2003 filed December 8, 2003 attached hereto as Exhibit B (the "August Fee Application").
3. Applications of Lukins & Annis, P.S. for Compensation for Services and Reimbursement of Expenses as ZAI Additional Special Counsel for the Interim Periods of September 1, 2003 through September 30, 2003 filed December 23, 2003 attached hereto as Exhibit C (the "September Fee Application").
7. The period for objecting to the fees and expense reimbursement requested in the July and August Fee Applications has expired and a Certificate of No Objection has been filed for each application. The period for objecting to the fees and expense reimbursement requested in the September Fee Application has not yet expired.
8. During the Fee Period, L&A has prepared for the ZAI Science Trial as detailed in the Application.

**Requested Relief**

9. By this Fifth Interim Quarterly Fee Application, L&A requests that the Court approve the interim allowance of compensation for professional services rendered and the reimbursement of actual and necessary expenses incurred by L&A for the Fee Period as

detailed in the Application, less any amounts previously paid to L&A pursuant to the Application and the procedures set forth in the Compensation Order.

**Disinterestedness**

10. With the exception of its representation of asbestos claimants, L&A does not hold or represent any interest adverse to the estates as stated in the Affidavit of Darrell W. Scott in Support of the Application of the Asbestos Property Damage Committee to Retain Special Counsel, filed June 7, 2002.
11. In addition, L&A may have in the past represented, may currently represent, and likely in the future will represent parties-in-interest in connection with matters unrelated to the Debtors and the Chapter 11 Cases.

**Representations**

12. L&A believes that the Application is in compliance with the requirements of Del.Bankr.LR 2016-2.
13. L&A performed the services for which it is seeking compensation under its Court Appointment effective as of July 22, 2002.
14. During the Fee Period, L&A has received no payment, nor has it received any promises for payment, from any other source for services rendered or to be rendered in any capacity whatsoever in connection with these Chapter 11 Cases.
15. Pursuant to Fed. R. Bank. P. 2016(b), L&A has not shared, nor has it agreed to share: (a) any compensation it has received or may receive with another party or person other than with the partners, counsel and associates of L&A; or (b) any compensation another person or party has received or may receive in connection with the Chapter 11 Cases.



16. Although every effort has been made to include all fees and expenses from the Fee Period in the Application, some fees and expenses from the Fee Period might not be included in the Application due to accounting and processing delays. L&A reserves the right to make further application to the Court for allowance of fees and expenses for the Fee Period not included herein.

WHEREFORE, L&A respectfully requests that the Court enter an order providing: (a) that for the Fee Period an administrative allowance be made to L&A in the sum of (i) \$122,675.00 as compensation for reasonable and necessary professional services, and (ii) \$11,917.57 for reimbursement of actual and necessary costs and expenses incurred (for a total of \$134,592.57); (b) that the Debtors be authorized and directed to pay to L&A the outstanding amount of such sums less any sums previously paid to L&A pursuant to the Application and the procedures set forth in the Compensation Order; and (c) that this Court grant such further relief as is equitable and just.

Dated: January 15, 2004

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	)	(Jointly Administered)
_____ Debtors.	)	

**ORDER GRANTING FIFTH INTERIM QUARTERLY APPLICATION**

Lukins & Annis, P.S. ("L&A") as special counsel to the ZAI Claimants in the above-referenced bankruptcy case, filed the Fifth Interim Quarterly Application Of Lukins & Annis, P.S. For Compensation for Services and Reimbursement of Expenses as ZAI Additional Special Counsel for the Interim Period from July 1, 2003 through September 30, 2003 (the "Fifth Quarterly Application"). The Court has reviewed the Fifth Quarterly Application and finds that: (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; (b) notice of the Fifth Quarterly Application, and any hearing on the Fifth Quarterly Application, was adequate under the circumstances; and (c) all person with standing have been afforded the opportunity to be heard on the Fifth Quarterly Application.

Accordingly, it is hereby

ORDERED that the Fifth Quarterly Application is GRANTED as modified herein, on an interim basis. Debtors shall pay to L&A the sum of \$122,675.00 as compensation and \$11,917.57 as reimbursement of expenses, for a total of \$134,592.57 for services rendered and disbursements incurred by L&A for the period July 1, 2003 through September 30, 2003, less any amounts previously paid in connection with the monthly fee applications.

Dated: \_\_\_\_\_, 2004

\_\_\_\_\_  
The Honorable Judith K. Fitzgerald  
United States Bankruptcy Judge

**CERTIFICATE OF SERVICE**

I, William D. Sullivan, Esquire, hereby certify that on January 15, 2004, service of the foregoing *Fifth Interim Quarterly Application of Lukins & Annis, P.S. for Compensation for Services and Reimbursement of Expenses as ZAI Additional Special Counsel for the Interim Period from July 1, 2003 through September 30, 2003* was made upon the attached Service List via hand delivery or first class mail.

I certify the foregoing to be true and correct under the penalty of perjury.

Dated: January 15, 2004  
Wilmington, Delaware

/s/ William D. Sullivan  
William D. Sullivan

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